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Patrick M. McCaffrey

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AGRICULTURAL PERSPECTIVES ON GROWTH MANAGEMENT

PATRICK M. McCaffrey†

I have to confess to you that I am not a cattleman. I do not own any land, and I do not own any cattle. I am not a cowboy either. I do not own a horse, and I do not own any rhinestones. I have a dual purpose in wearing my Stetson this morning, though, and that is to remind me of where my bread is buttered and to remind you of Florida's oldest industry and second largest element of our economy, an element virtually ignored at this conference — agriculture.

As a representative of agricultural interests, I feel somewhat like a priest at a bar mitzvah — among friends who share the same basic ethic, but who differ on some important specifics. Let me add, I am proud to be an employee of the Florida Cattlemen's Association, a group of nearly 5000 members who graze cattle and pay taxes on nearly nine and one half million acres in Florida.

My task this morning is to try to give you some insight into agricultural perspectives on growth management. That is not an easy thing to do since "ag" folks, like most other folks, hold a wide range of views on the subject. "Growth management" has become one of those buzz word fuzzy phrases that has grown from "not a bad idea" into a full-fledged "crusade." It conjures up different images in the minds of different people and even in the same folks at different times. The great problem with fuzzy phrases and crusade slogans is that they very often result from fuzzy thinking and, more importantly, they tend to encourage even more incomplete and imprecise thinking. It is, therefore, very important to be as precise as we can be in defining what growth management does or ought to mean.

Earlier you heard several references to definitions of growth management. That is good because it is an attempt at specificity, but there are other ways to define it. I think of growth management as somebody imposing their views on somebody else, hopefully for the greater good. But that is an overly simplistic view. To be realistic and honest, I believe we are best served to view growth management as a process of reordering the distribution of hidden

† Director of Governmental Affairs, Florida Cattlemen's Association; Staff Director of the Coordinating Council on Restoration of the Kissimmee River Valley (1976-1984); former Deputy Bureau Chief of the Department of Environmental Regulation (1975-1976); B.S. 1967, Northern Illinois University; M.S. 1969, Florida State University; Ph.D. 1977, Florida State University.

subsidies of growth. Having raised the spector of subsidies, let me editorialize that simply shifting them around is not likely to be very helpful. We need to move toward self-supporting growth.

That is enough editorializing. What do the farmers and ranchers think? When you talk to enough real farmers and ranchers about growth control or management, their comments and concerns usually fall within three general subject areas. These are economics, productivity, and flexibility.

The first major economic concern is land value, because for most folks in agriculture it is the value of their land that determines how much money they can borrow to support their operation. Agricultural producers commonly do not get a payday until after they market their products, so they need to borrow regularly for annual costs, special seasonal needs, equipment, maintenance, and improvements. And when the bad years come, lots of them have to borrow to stay alive. I think you can see why farm folks are so concerned about land value, but maybe you cannot see how reduced farmland values hurt society at large.

Land value is the key to the farm credit system. That bears repeating — land value is the key to the farm credit system.

Suppose I want to modernize my irrigation system to reduce my energy demand and water use, but cannot borrow the money — who wins and who loses?

Suppose I want to convert my old-fashioned drainage net into a genuine water management system, but cannot borrow the money — who wins and who loses?

Suppose I need to remechanize in order to increase productivity and reduce fertilizer and other chemical use, but cannot borrow the money — who wins and who loses?

The farmer is not the only one who loses when his land values are artificially and arbitrarily reduced out of harmony with the rest of the economy.

I was in a meeting in Gainesville recently and heard a Marion County banker talk about loaning money on agriculture. He said that his bank had a diversified portfolio of \$40 million in agricultural loans, but there was one kind of loan they had to stop making. They can no longer finance the purchase of farm land because the farmer cannot make enough to feed his family, service the debt, and pay the principal. Not to mention, of course, the ten percent jump in his corporate income tax the special session gave

him,¹ or the proposed increases in water management district ad valorem tax rates so that the districts can buy more land, or the land that he is not allowed to use but is still expected to pay taxes on.

In addition to the effect on borrowing ability, land value is the retirement fund for many folks in agriculture, and they do not take kindly to a perceived raid on it.

One final economic concern is return on investment. You may be interested in knowing that for the first time since before the Depression, we have had for the third consecutive year a negative return on investment in American agriculture.² That does not mean that everyone in agriculture is losing money, but what it does mean is that many folks could make more money by selling the farms and putting the proceeds in a passbook savings account. Who will benefit and who will lose if folks start to do that?

Let us consider the second area of concern. Let us talk for a minute about Florida's agricultural productivity. Florida produces 240 different agricultural commodities; it is the biggest beef producer east of the Mississippi River and ninth largest in the nation; and it is the home of Jo Ann Smith, who will be installed as the first ever Floridian and first ever lady President of the 250,000 member National Cattlemen's Association.

She and I have talked at great length about the notion of agricultural land preservation. My sense of decency prevents me from telling you what my employers really think about it. I will say that it is exceedingly ill-advised and probably the most direct way to destroy Florida's agricultural industry and the economic stability it adds to the state.

That notion of preservation is based in large measure on the National Agriculture Lands Study³ which said we were losing three million acres of cropland a year at the national level. The United States Department of Agriculture recently released a new study of agricultural land conversion done by a couple of agricultural economists, one at Oregon State University and the other at Cornell

1. 1984 Fla. Laws ch. 84-549.

2. Presentation by Dr. P.J. vanBlokland, Dept. of Food and Resource Economics, Institute of Food & Agricultural Sciences, University of Florida, "Will Property Rights Issues Influence the Farm Financial Situation?," at Florida Agricultural Policy Forum, Gainesville, Florida (Dec. 10-11, 1984).

3. National Agricultural Lands Study - Final Report, at 8, Study conducted by Robert Gray, Executive Director (Jan.1981)(available from the Superintendent of Documents, Washington, D.C.).

University. The study, entitled *United States Cropland, Urbanization, and Ownership Patterns*,⁴ found that most United States farmland is in no danger of conversion. The actual conversion rate is less than one-third of what the National Agricultural Lands Study reported a few years ago, and the problem is mainly concentrated in the northeastern part of the country. More than three-fourths of the cropland in that area is either in, or adjacent to, urban counties.

In Florida, cropland acreage has held pretty stable over the last thirty years. When agriculture gets forced out of one area by urban growth or nematodes, it has traditionally moved on to bring other land into production. In Florida, we do have some ag land being squeezed by development pressures, and those lands will eventually be converted to some economically higher use. But some high growth areas pose only a minor threat to local ag lands because those lands simply are not suited to urban uses. The point is that land is just another resource the agricultural producer has at his command.

Land is not *the* resource that Florida agriculture relies on. Truth is, if you were looking for prime farm land you would not be in Florida. What little prime farm land we have in Florida is located here in the Panhandle area and most of it is either forest or public ownership. Very little is in agricultural production. We do have pockets of "unique" farm land, like the muck soils in the Everglades Agricultural Area and the Zellwood and Fellsmere districts, but the value of those lands is not so much the type of soil they contain, as where they are, and when they are in production. They have a time and place value. I cannot overemphasize that the resource Florida agriculture relies on is not a specific piece of land, but Florida's *climate* and the two or three growing seasons it usually provides.

If you want to do something for Florida agriculture, first ask yourself why. Is it because you covet the broad space and open vistas, or the tremendous wildlife values we have worked for, or the recharge zones needed by city dwellers, or the vast areas that remain just like God made them, or as a bank of developable lands? Are you willing to fairly compensate the land owner for these public services, or do you expect to acquire them through the police

4. United States Department of Agriculture, ERS-Agricultural Economic Report No. 520, study conducted by Greg C. Gustafson & Nelson L. Bills (Nov. 1984)(available from Information Division, Room 1470-S, USDA, Washington, D.C. 202050).

power as a hidden subsidy to growth? Let me tell you a secret — you can continue to have all that at no direct cost to society, as long as you do not destroy the economic viability of Florida agriculture.

Or do you think about ag land preservation because, like most folks, you like to eat? If your motivations are that pure, then do not think and talk about preserving ag *land*, but *do* think and talk about protecting and encouraging agricultural *productivity*. After all, you do not eat land; you eat the crop it grows. It is our ability to continue raising those crops and animals that you should be interested in. It is not ag land but ag *productivity* and *viability* we need to look out for.

Flexibility, our third major concern, is really the essence of Florida agriculture. In order to maintain their economic viability, Florida producers need to have the flexibility to respond to changing conditions like weather, regulation, water supply, marketing trends, and natural disasters like hurricanes, last year's freeze, canker, and this year's freeze. So long as our farmers have the flexibility they need to survive, for the most part they will stay in agriculture. But when they individually decide that there is too much regulation or too low a return, or just too many hassles, they will quit. And who will benefit then?

By way of closing, I want to assure you that the agricultural community is not automatically opposed to governmental planning, and we are not opposed to rational growth management. Agricultural people are as concerned about their taxes as city folks are, and if rational planning can slow down tax increases, they will probably support it. But there is a big difference between that kind of planning and pie-in-the-sky dreaming and social engineering.

Agricultural people live pretty close to nature. They know there are some things they just cannot control, so they do not waste time and money trying.

Finally, as we rush headlong to worship at the altar of growth managment, let us keep in mind this simple prayer:

Dear Lord:

Thou knowest better than I my imperfections.

Please keep me from thinking I know it all.

And release me from craving to straighten out everybody else's affairs.

Grant me a growing humility and a lessening cocksuredness.

But most of all, Dear Lord,

Please teach me the glorious lesson that occasionally, even I may
be wrong!
Amen.